

PATENT

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re the application of:

Attorney Docket No. 3725.11US05

Felt et al.

Confirmation No.: 6543

Patent No.: 7,320,709

Application No.: 10/722,019

Issued: January 22, 2008

Filed: November 24, 2003

For: METHOD AND SYSTEM FOR MAMMALIAN JOINT RESURFACING

CERTIFICATE UNDER 37 CFR § 3.73(b)

Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

Sir:

Vertebral Technologies, Inc., a corporation, states that it is the assignee of the entire right, title and interest in the patent application identified above by virtue of either:

- A. ☐ An assignment from the inventor(s) of the patent application identified above. The assignment was recorded in the Patent and Trademark Office at Reel *, Frame *, or for which a copy thereof is attached.

OR

- B. ☒ A chain of title from the inventor(s), of the patent application identified above, to the current assignee as shown below:
1. From Jeffrey C. Felt, Mark A. Rydell, Paul J. Buscemi, Alexander Arsenyev, Christopher H. Porter to Advanced Bio Surfaces, Inc.

The document was recorded in the Patent and Trademark Office at Reel 020194, Frame 0465 or for which a copy thereof is attached.

2. From Advanced Bio Surfaces, Inc. to ABS Corporation

The document was recorded in the Patent and Trademark Office at Reel 023094, Frame 0982 or for which a copy thereof is attached.

3. From ABS Corporation to Vertebral Technologies, Inc.

The document was recorded in the Patent and Trademark Office at Reel _____, Frame _____ or for which a copy thereof is attached.

☐ Additional documents in the chain of title are listed on a supplemental sheet.

☐ Copies of assignments or other documents in the chain of title are attached.

The undersigned (whose title is supplied below) is empowered to sign this statement on behalf of the assignee.

Date: 12-11-09

Signature

Jeffrey C Felt
Jeffrey C Felt

Name Printed or Typed

Chairman & CEO
Title

ASSIGNMENT AND LICENSE AGREEMENT

THIS ASSIGNMENT AND LICENSE AGREEMENT (the "Agreement") is entered into as of the 15th day of September, 2009 (the "Effective Date"), by and between ABS Corporation, a company incorporated under the laws of the State of Minnesota, with its principal place of business at 5909 Baker Road, Suite 550, Minnetonka, MN 55345 ("ABS"), and Vertebral Technologies, Inc., a company incorporated under the laws of the State of Minnesota, with its principal place of business at 5909 Baker Road, Suite 550, Minnetonka, MN 55345 ("VTI"). Both ABS and VTI are referred to herein individually as a "Party" and collectively as the "Parties".

WHEREAS, ABS has developed proprietary technology that includes the preparation and use of *ex vivo* cured or otherwise *ex vivo* formed biomaterials for the repair and resurfacing of mammalian tissues and joints, having both vertebral spine and non-vertebral spine related applications; and

WHEREAS, the Parties desire that VTI own all rights having to do with *ex vivo* cured or otherwise *ex vivo* formed biomaterials, provided that ABS is assured access to such technology and/or related rights in and to those technologies whose applications are non-vertebral spine related.

NOW THEREFORE, in consideration of the foregoing premises and the mutual promises, covenants and conditions contained in this Agreement, the Parties agree as follows:

1. DEFINITIONS.

For the purposes of this Agreement, the capitalized terms hereunder shall have the meanings defined below:

1.1 "VERTEBRAL SPINE PRODUCT" shall mean a material, composition, device, or method for the repair or replacement of the vertebral spine structures incorporating *ex vivo* cured or otherwise *ex vivo* formed component parts.

1.2 "NON-VERTEBRAL SPINE PRODUCT" shall mean any product, including any material, composition, device or method, other than a Vertebral Spine Product.

1.3 "PATENT RIGHTS" shall mean all patents and/or patent applications listed on **Exhibit A**, and any continuations, continuations-in-part, divisionals, reexaminations, reissues, substitutes, renewals, extensions, corrections or national stage filings of any of the patents and/or patent applications listed on **Exhibit A**, and all rights associated therewith.

1.4 "AFFILIATE(S)" shall mean, in the case of either Party, any corporation, joint venture, or other business entity which directly or indirectly controls, is controlled by, or is under common control with that Party. "Control" shall mean having the power to direct, or cause the direction of, the management and policies of an entity, whether through ownership of voting securities, by contract or otherwise.

1.5 "TERRITORY" shall mean the world.

1.6 "THIRD PARTY(IES)" shall mean any person(s) or entity(ies) other than ABS, VTI or their Affiliates.

1.7 "VALID CLAIM" shall mean an unexpired claim of an issued patent forming part of the Patent Rights, which claim has not been declared invalid by a court or other tribunal of competent jurisdiction.

1.8 "ACTUAL KNOWLEDGE" with respect to ABS shall mean the actual knowledge of the officers and directors of ABS, and with respect to VTI shall mean the actual knowledge of the officers and directors of VTI.

2. GRANT OF RIGHTS AND CONSIDERATION.

2.1 RIGHTS GRANTED BY ABS

2.1.1 ASSIGNMENT. Subject to the other provisions of this Agreement, ABS hereby grants to VTI an Assignment of the Patent Rights. ABS shall execute one or more Assignments to be recorded with respect to the Patent Rights in the form attached as **Exhibit B** as may be reasonably requested by VTI.

2.2 RIGHTS GRANTED BY VTI

2.2.1 EXCLUSIVE LICENSE. Subject to the other provisions of this Agreement, VTI hereby grants to ABS a paid-up, non-terminable, perpetual, worldwide, exclusive license (exclusive even as to VTI), with the right to grant sublicenses, in the Territory to the Patent Rights to make, have made, use, import, reproduce, modify, prepare derivative works of, distribute, display, sell, practice any method of manufacture, and otherwise dispose of Non-Vertebral Spine Products. Any sublicenses granted by ABS shall include and be subject to all of the relevant provisions set forth in this Agreement.

2.3 CONSIDERATION. For the rights, privileges, and assignment granted hereunder, VTI has granted ABS the Consideration detailed on **Exhibit C**, which is attached hereto and incorporated by this reference.

3. PROSECUTION, MAINTENANCE AND INFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS.

3.1 PROSECUTION AND MAINTENANCE OF PATENT RIGHTS. VTI shall be responsible for prosecuting and maintaining, at its expense, the Patent Rights. VTI shall consult with ABS on prosecution matters in applications having at least one claim to a Non-Vertebral Spine Product, including providing ABS with draft amendments and responses at least 30 days before the final deadline for filing such amendment or response.

3.2 NOTICE OF DISPOSITION OF PATENTS. If VTI elects to abandon a patent or patent application within the Patent Rights, it will provide written notice to ABS of its intent to abandon such patent or patent application at least 45 days before the abandonment becomes effective. Upon receiving such notice, ABS may elect to continue the prosecution or maintenance of such patent or patent application by providing notice to VTI. Upon receiving such notice, VTI will assign such patent or patent application to ABS using a form similar to that provided in **Exhibit B** and will retain no further rights with respect thereto; provided that such patent or patent application is not subject to a terminal disclaimer, in which case VTI will execute and deliver an exclusive license agreement, exclusive even to VTI, with respect to such patent or patent application for both Non-Vertebral Spine Products and Vertebral Spine Products.

3.3 COOPERATION. Each of the Parties shall execute or have executed by its appropriate employees, representatives, agents and contractors such documents as may be necessary to obtain, perfect or maintain any patent rights filed or to be filed pursuant to this Agreement, and to cooperate with the other Party so far as reasonably necessary with respect to furnishing all information and data in its possession reasonably necessary to obtain or maintain or record assignments to such patent rights.

3.4 INFRINGEMENT OF INTELLECTUAL PROPERTY RIGHTS.

3.4.1 PROSECUTION OF INFRINGEMENT BY VERTEBRAL SPINE PRODUCTS. VTI shall have the right to institute, prosecute and control any legal proceedings in its own name by its own counsel and at its own expense to prevent or restrain infringement of the Patent Rights by Vertebral Spine Products, and to keep all recovery regarding the same, unless such Patent Rights have been assigned or exclusively licensed to ABS pursuant to Section 3.2 of this Agreement, in which case ABS shall have the rights referred to in this Section 3.4.1.

3.4.2 PROSECUTION OF INFRINGEMENT BY NON-VERTEBRAL SPINE PRODUCTS. ABS shall have the right to institute, prosecute and control any legal proceedings in its own name by its own counsel and at its own expense to prevent or restrain infringement of any of the Patent Rights having at least one Valid Claim that covers a Non-Vertebral Spine Product by Non-vertebral Spine Products, and to keep all recovery regarding the same; provided that if such Patent Right also includes at least one Valid Claim that covers a Vertebral Spine Product any potential infringement by Third Parties must not be de minimus and VTI shall have the right, at its own expense, to participate in any enforcement action and to reasonably approve of any settlement of such claim of potential infringement.

3.4.3 COOPERATION. In connection with any action taken by either Party against a Third Party to protect or enforce any Patent Rights, the other Party shall, if requested, consult with the Party taking such action, and make available as witnesses its employees or as evidence any materials, and/or data as are reasonably necessary for the furtherance of such action.

3.5 REPRESENTATIONS AND WARRANTIES.

3.5.1 ORGANIZATION. Each Party is duly organized as indicated above, validly existing and in good standing under the laws of the state in which organized, and has all requisite legal power and authority to own, lease, operate and conduct its business as now being conducted.

3.5.2 AUTHORIZATION AND BINDING AGREEMENT. All necessary and appropriate action has been taken by each Party with respect to the execution and delivery of this Agreement. This Agreement constitutes the valid and binding obligation of each Party, enforceable in accordance with its terms, except as the same may be limited by general principles of equity, bankruptcy, insolvency, reorganization or other laws affecting the enforcement of creditors' rights. Each Party has or will enter into agreements with each of its present and future employees, agents and consultants that will enable it to comply with the covenants contained herein.

3.5.3 NO LITIGATION OR CONFLICTS. Neither Party has, to its Actual Knowledge, and in any material respect, violated any applicable federal, state, local or foreign law, regulation or order or any other requirement of any governmental, regulatory or administrative agency or authority or court or other tribunal that would impair the rights granted by the Parties hereunder or materially impair such Party's ability to perform its obligations hereunder (including, but not limited to, any law, regulation, order or requirement relating to securities, properties, business, products, manufacturing processes, advertising, sales or employment practices or terms and conditions of employment).

4. TERM.

4.1 TERM. Any licenses with respect to the Patent Rights granted pursuant to the terms of this Agreement shall continue in effect until the expiration of the last to expire licensed patent of the Patent Rights.

5. INDEMNIFICATION.

5.1 INDEMNIFICATION BY VTI. VTI shall indemnify, defend and hold harmless ABS and its Affiliates, and each of its and their respective employees, officers, directors and agents (each, a "ABS Indemnified Party") from and against any and all liability, loss, damage, cost, and expense (including reasonable attorneys' fees) (collectively, a "Liability") which the ABS Indemnified Party may incur, suffer or be required to pay resulting from or arising in connection with: (i) the manufacture, promotion, distribution, use, testing, marketing, sale or other disposition of Vertebral Spine Products by VTI, its Affiliates or sublicensees; (ii) third party action arising out of, resulting from, or related to any inaccuracy in any of the representations, or any breach of the warranties made by VTI in this Agreement; (iii) any failure by VTI to perform and observe any term, provision, covenant, agreement or condition under this Agreement which it is obligated to perform or observe; and (iv) all claims, demands, losses, and causes of action for personal injury (including death) or

property damage arising from or based on the acts, negligence, or willful misconduct of VTI's employees, agents, or contractors who undertake activities in connection with this Agreement. Notwithstanding the foregoing, VTI shall have no obligation under this Agreement to indemnify, defend or hold harmless any ABS Indemnified Party with respect to claims, demands, costs or judgments which result from the willful misconduct or negligent acts or omissions of ABS, its Affiliates, or any of their respective employees, officers, directors or agents.

5.2 INDEMNIFICATION BY ABS. ABS shall indemnify, defend and hold harmless VTI and its Affiliates, and each of its and their respective employees, officers, directors and agents (each, a "VTI Indemnified Party") from and against any and all liability, loss, damage, cost, and expense (including reasonable attorneys' fees) (collectively, a "Liability") which the VTI Indemnified Party may incur, suffer or be required to pay resulting from or arising in connection with: (i) the manufacture, promotion, distribution, use, testing, marketing, sale or other disposition of Non-Vertebral Spine Products by ABS, its Affiliates or sublicensees; (ii) third party action arising out of, resulting from, or related to any inaccuracy in any of the representations, or any breach of the warranties made by ABS in this Agreement; (iii) any failure by ABS to perform and observe any term, provision, covenant, agreement or condition under this Agreement which it is obligated to perform or observe; and (iv) all claims, demands, losses, and causes of action for personal injury (including death) or property damage arising from or based on the acts, negligence, or willful misconduct of ABS's employees, agents, or contractors who undertake activities in connection with this Agreement. Notwithstanding the foregoing, ABS shall have no obligation under this Agreement to indemnify, defend or hold harmless any VTI Indemnified Party with respect to claims, demands, costs or judgments which result from the willful misconduct or negligent acts or omissions of VTI, its Affiliates, or any of their respective employees, officers, directors or agents.

6. CONFIDENTIAL INFORMATION.

6.1 NONDISCLOSURE OBLIGATION. Each of ABS and VTI shall not disclose to any Third Party any information received by it from the other Party (the "Information"), without the prior written consent of the other Party. The foregoing obligations shall survive the termination of this Agreement for a period of three (3) years from the date of such termination. These obligations shall not apply to Information that: (i) is known by the receiving Party at the time of its receipt, and not through a prior disclosure by the disclosing Party, as documented by business records; (ii) is at the time of disclosure or thereafter becomes published or otherwise part of the public domain without breach of this Agreement by the receiving Party; (iii) is subsequently disclosed to the receiving Party by a Third Party not under an obligation of confidence to either ABS or VTI with respect thereto; (iv) is developed by the receiving Party independently of the Information received from the disclosing Party and such independent development can be documented by the receiving Party; (v) is disclosed to any institutional review board of any entity conducting clinical trials or any governmental or other regulatory agencies in order to obtain patents or to gain approval to conduct clinical trials or to market Products, but such disclosure may be made

only to the extent reasonably necessary to obtain such patents or authorizations; and, in which case reasonable effort shall be taken to maintain the confidentiality of such Information, or (vi) is required by law, regulation, rule, act or order of any governmental authority or agency to be disclosed by a Party, PROVIDED that notice is promptly delivered to the other Party in order to provide an opportunity to seek a protective order or other similar order with respect to such Information and thereafter the disclosing Party discloses to the requesting entity only the minimum Information required to be disclosed in order to comply with the request, whether or not a protective order or other similar order is obtained by the other Party.

6.2 PERMITTED DISCLOSURES. Information may be disclosed to employees, agents, consultants, sublicensees or suppliers of the recipient Party or its Affiliates, but only to the extent required to accomplish the purposes of this Agreement and only if the recipient Party obtains prior written agreement from its employees, agents, consultants, sublicensees or suppliers to whom disclosure is to be made to hold in confidence and not make use of such Information for any purpose other than those permitted by this Agreement. Each Party will use at least the same standard of care as it uses to protect proprietary or confidential information of its own to ensure that such employees, agents, consultants, sublicensees or suppliers do not disclose or make any unauthorized use of the Information.

7. MISCELLANEOUS.

7.1 NO WAIVER. The failure of either Party to require performance by the other Party of any of that other Party's obligations hereunder shall in no manner affect the right of such Party to enforce the same at a later time. No waiver by any Party hereto of any condition, or of the breach of any provision, term, representation or warranty contained in this Agreement, whether by conduct or otherwise, in any one or more instances, shall be deemed to be or construed as a further or continuing waiver of any such condition or breach, or of any other condition or of the breach of any other provision, term, representation or warranty hereof.

7.2 SEVERABILITY. If a court or other tribunal of competent jurisdiction should hold any term or provision of this Agreement to be excessive, or invalid, void or unenforceable, the offending term or provision shall be deleted, and, if possible, replaced by a term or provision which, so far as practicable achieves the legitimate aims of the Parties.

7.3 RELATIONSHIP BETWEEN THE PARTIES. Both Parties are independent under this Agreement. Nothing herein contained shall be deemed to create an employment, agency, joint venture or partnership relationship between the Parties hereto or any of their agents or employees, or any other legal arrangement that would impose liability upon one Party for the act or failure to act of the other Party. Neither Party shall have any express or implied power to enter into any contracts or commitments or to incur any liabilities in the name of, or on behalf of, the other Party, or to bind the other Party in any respect whatsoever.

7.4 HEADINGS. The headings and captions used in this Agreement are solely for the convenience of reference and shall not affect its interpretation.

7.5 COUNTERPARTS. This Agreement may be executed in one or more counterparts each of which shall be an original and all of which shall constitute together the same document.

7.6 FURTHER ACTIONS. Each Party agrees to execute, acknowledge and deliver such further instruments, and to do all other acts, as may be necessary or appropriate in order to carry out the purposes and intent of this Agreement including, without limitation, any filings with any Antitrust agency which may be required.

IN WITNESS WHEREOF, this Agreement has been executed by the duly authorized representatives of the Parties as of the date first set forth above.

ABS Corporation

Warren Bieck

Name: WARREN BIECK

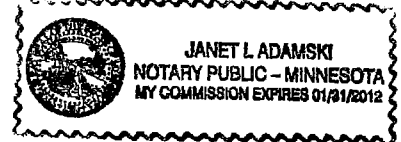
Title: PRES. CEO

Date: 9-15-09

Subscribed to and sworn to before
me this 15th day of September 2009.

Janet L. Adamski
Notary Public

Notary Seal



Vertebral Technologies, Inc.

Jeffrey C. Felt

Name: Jeffrey C. Felt

Title: CEO

Date: 9/15/09

Subscribed to and sworn to before
me this 15th day of September 2009.

Janet L. Adamski
Notary Public

Notary Seal

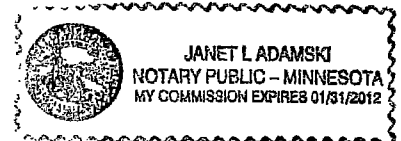


Exhibit A

US Patent Application SN 60/228,444 (Filed August 28, 2000)

PCT Patent Application SN PCT/US01/41908 (Filed August 28, 2001)

US Patent Application SN 10/098,601 (Filed March 15, 2002)

US Patent Application SN 10/121,455 (Filed April 12, 2002)

US Patent Application SN 10/167,963 (Filed June 12, 2002) issued as US Patent No. 6,652,587

US Patent Application SN 10/722,019 (Filed Nov 24, 2003) issued as US Patent No. 7,320,709

US Patent No. 6,652,587 (Issued November 25, 2003)

US Patent Application SN 11/953,203 (Filed December 10, 2007)

US Patent No. 7,320,709 (Issued January 22, 2008)

US Patent Application SN 12/479,402 (Filed June 5, 2009)

Australian Patent Application SN 2003205319 (Filed January 22, 2003)

Mexican Patent Application SN 2004007061 (Filed January 22, 2003)

Japanese Patent No. 4324478 (Issued June 12, 2009)

European Patent Application SN 03703997.1 (Filed January 22, 2003)

Exhibit B

ASSIGNMENT

Whereas, ABS Corporation, a company incorporated under the laws of the State of Minnesota, with its principal place of business at 5909 Baker Road, Suite 550, Minnetonka, MN 55345 ("Assignor"), has an ownership interest in the United States and foreign patents and patent applications identified on the attached Schedule 1;

Whereas, Vertebral Technologies, Inc., a company incorporated under the laws of the State of Minnesota, with its principal place of business at 5909 Baker Road, Suite 550, Minnetonka, MN 55345 ("Assignee"), desires to acquire the entire right, title and interest in and to the United States and foreign patents and patent applications identified on the attached Schedule 1 and in and to the inventions described and claimed therein (the "Patents"); and

NOW, THEREFORE, in exchange for good and valuable consideration, the receipt of which is hereby acknowledged, Assignor hereby assigns to Assignee, and its successors and assigns the following:

- (1) The entire right, title and interest to the Patents including the inventions described or claimed therein; and
- (2) The entire right, title and interest to any United States or foreign patents that may issue with respect to the inventions described or claimed in the Patents;
- (3) The entire right, title and interest to any renewals, reissues, extensions, substitutions, continuations, continuations-in-part, or divisions of the Patents, and all foreign applications based thereon;
- (4) The right to apply for patents in foreign countries in its own name and to claim any priority rights to which such foreign applications are entitled under international conventions, treaties or otherwise; and
- (5) The right to enforce patent rights to such Patents as fully and entirely as the same would have been held and enjoyed by the Assignors if this assignment had not been made; together with all claims by Assignors for damages by reason of past infringement or for provisional rights and including the right to sue for, and collect the same for its own use and benefit, and for the use and benefit of its successors, assigns, and other legal representatives.

Assignor hereby authorizes and requests the Commissioner of Patents to issue to Assignee any patents that may be granted in accordance with this Assignment.

This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement. The signatures from each counterpart may be combined with a copy of the Agreement to constitute the entire Agreement.

ABS Corporation.

Warren Bieleke

Name: WARREN BIELEKE

Title: PRES CEB

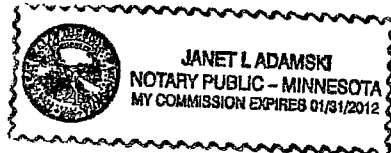
Date: 9-15-09

Subscribed to and sworn to before
me this 15th day of September 2009.

Janet L. Adamski

Notary Public

Notary Seal



SCHEDULE 1

US Patents and Patent Applications

Title	Filing Date	US Application Ser. No.	Patent No.	Inventor(s)

Foreign Patents and Patent Applications

Title	Filing Date	Application Ser. No.	Patent No.	Inventor(s)

Exhibit C

Consideration granted by Vertebral Technologies, Inc. to ABS Corporation for the rights, privileges and assignment granted in the Assignment And License Agreement to which this Exhibit C is attached and so referenced:

1. Twenty thousand dollars (\$20,000.00) Paid
2. Twenty thousand dollars (\$20,000.00) Paid
3. Twenty thousand dollars (\$20,000.00) October, 2009
4. Twenty thousand dollars (\$20,000.00) November, 2009
5. Warrants to purchase two hundred twenty-five thousand (225,000) shares, or their equivalent, of VTI common stock. The exercise price is \$.40 per share and the term is ten years from the date of the Assignment And License Agreement.